

Message Text

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PAGE 01 HONG K 05473 131020Z POSS DUPE
ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 AID-05 COME-00 EB-07 FRB-03 TRSE-00
XMB-02 OPIC-03 LAB-04 EPG-02 SIL-01 OMB-01 STR-04
CEA-01 FEA-01 AGR-05 /094 W
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R 130830Z MAY 1.
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC 4859
INFO USLO PEKING
AMEMBASSY KUALA LUMPUR
AMEMBASSY MANILA
AMEMBASSY MOSCOW
AMEMBASSY RANGOON
AMEMBASSY ROME
AMEMBASSY BANGKOK
AMEMBASSY JAKARTA
AMEMBASSY SINGAPORE
AMEMBASSY TOKYO
AMEMBASSY CANBERRA
AMEMBASSY PARIS
COMUSTDC
CINCPAC

C O N F I D E N T I A L HONG KONG 5473

CINCPAC FOR POLAD

E. O. 11652: GDS
TAGS: ECON, ETRD, CH
SUBJ: PRC BI-WEEKLY ECONOMIC HIGHLIGHTS NO. 3

1. CHINA'S ECONOMIC NEWS CONTINUED TO BE DOMINATED BY THE
NATIONAL CONFERENCE TO LEARN FROM TACHING IN INDUSTRY.
THE CONFERENCE WHICH BEGAN ON APRIL 20 HAS NOW BEEN ADDRESSED
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PAGE 02 HONG K 05473 131020Z POSS DUPE

BY CHAIRMAN HUA, DEFENSE MINISTER YEH CHIEN-YING, AND A
NUMBER OF OTHER LEADERS OF INDUSTRIAL MINISTRIES. THE
CONFERENCE HAS ADDRESSED ITSELF BASICALLY TO TWO DIFFERENT
LEVELS OF ECONOMIC CONCERN--MICRO ENTERPRISE MANAGEMENT
AND MACRO POLICY DIRECTION. ENTERPRISE MANAGEMENT AS EN-
VISAGED BY THE TACHING MODEL IS CLEARLY OF THE HARD-NOSED

VARIETY, WITH EMPHASIS ON STRICT DISCIPLINE BY MANAGEMENT AND LABOR. POLICY DIRECTION HAS REVOLVED AROUND A "BASIC INDUSTRY" THEME. THE OIL INDUSTRY HAS EMERGED AS THE PRIMUS INTER PARES OF THE BASIC INDUSTRIES, BEING SINGLED OUT AS A MODEL BY CHAIRMAN HUA FOR THE REST OF INDUSTRY AND IN EFFECT BEING ASKED TO LEAD CHINESE INDUSTRIAL DEVELOPMENT. UNUSUAL EMPHASIS HAS BEEN PLACED ON OFFSHORE ACTIVITY, STRONGLY SUGGESTING PLANS TO STEP UP DEVELOPMENT OF SEABED RESOURCES. COINCIDENTALLY, THE SECOND JACKUP RIG PURCHASED BY CHINA FROM SINGAPORE, THE SOUTH SEA II, ARRIVED AT THE MOUTH OF THE PEARL RIVER, WHERE IT IS TEMPORARILY ANCHORED. THE FIRST SINGAPORE-BUILT RIG IS REPORTEDLY WORKING NEAR HAINAN ISLAND.

2. THE CONFERENCE'S EVOCATIVE ROLE IS ALSO EVIDENT, AND INDUSTRIAL UNITS HAVE ALREADY BEGUN TO ANNOUNCE REVISION OF PLANS TO REFLECT HIGHER TARGETS. PARTICULARLY NOTEWORTHY WAS THE REFERENCE BY THE VM OF NATIONAL PLANNING TO SIX ECONOMIC REGIONS, A CONCEPT IN AND OUT OF FAVOR AT VARIOUS TIMES IN THE PRC, BUT GENERALLY UNIDENTIFIED WITH THE ECONOMIC PROGRAMS OF TENG HSIAO-PING AND LIU SHAO-CHI. IT WAS LAST REINTRODUCED IN 1961 AS PART OF LIU'S GENERAL RETRENCHMENT AND REGROUPING OF INDUSTRY IN THE WAKE OF THE GREAT LEAP'S ECONOMIC WOES.

3. ON THE TRADE SIDE, INDICATIONS OF CHINESE INTEREST IN THE INTERNATIONAL GRAIN MARKET CONTINUE TO APPEAR, THE LATEST REPORT INDICATING THAT THE PRC HAS BOUGHT 300,000 TONS OF WHEAT FROM ARGENTINA, WHICH WOULD RAISE TOTAL PURCHASES THIS YEAR TO 5.5 MILLION TONS. ACCORDING
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PAGE 03 HONG K 05473 131020Z POSS DUPE

TO RECENT WEATHER INFORMATION THROUGH APRIL, THE DROUGHT HAS EASED IN MOST OF THE MAIN RICE GROWING REGIONS SOUTH OF THE YANGTSE RIVER, BUT IS STILL CAUSING PROBLEMS IN THE WINTER WHEAT AREAS OF THE NORTH CHINA PLAIN. RUMORS OF CHINESE INTEREST IN US GRAIN AND COTTON PERSIST ALTHOUGH NO DEALS HAVE BEEN ANNOUNCED. THROUGH THE FIRST QUARTER OF 1977 US EXPORTS TO CHINA CONTINUED TO LAG BEHIND IMPORTS--\$53 MILLION TO \$19 MILLION--CONTINUING THE UNFAVORABLE TRADE BALANCE TREND OF LAST YEAR.
CROSS

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NNN

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